

COUNCIL ACTION FORM

NEW BUSINESS ITEM No. 5

MEETING DATE: DECEMBER 5, 2011

STAFF CONTACT: MELISSA MUNDT, INTERIM CITY ADMINISTRATOR /
COMMUNITY DEVELOPMENT DIRECTOR

Agenda Item: Consider approving the 2012 State Legislative agenda for the City of Gardner.

Department: Administration / Community Development

Background/Description of Item:

Attached is the 2012 State Legislative Agenda. The purpose of the State Legislative Agenda is to provide the City Council and Staff a list of legislative topics that are of particular interest to follow for the City. By outlining the agenda, both Council and Staff will be prepared to respond to legislators and professional organizations regarding the impact proposed legislation might have on the City of Gardner. By participating in this process, the City is pursuing legislative policies that seek to enhance the efficiency and effectiveness of local government operations for Gardner.

At the November 14th City Council Work Session, staff was asked to provide information regarding the two following items that can be added to the State Legislative Agenda should the Council determine to amend the agenda as provided:

1. Expanded Investment Powers and removal of "local banks" requirement for investments under K.S.A. 12-1675 and K.S.A. 12-1677b. See attached "Council Report" from Finance Director Gourley.
2. Agricultural Use and Appraisals. See attached "Council Report" from Interim City Administrator Press.

Staff Recommendation:

Approve the 2012 State Legislative Agenda for the City of Gardner.

CITY OF GARDNER'S 2012 LEGISLATIVE AGENDA

State Issues

The following is the City of Gardner's legislative agenda for 2012:

1. **Home Rule and Local Control** --The governing of public affairs should remain accessible to citizens. Preservation of constitutionally granted home rule authority as it exists today is essential to effective and responsible local self-government. Locally elected officials are in the best position to make decisions of community concern and are most accountable for those decisions.

The City of Gardner opposes legislation that would directly or indirectly limit the constitutionally granted home rule authority of cities. This includes:

- a. Annexation -- allowing cities to grow is inherent to the ultimate success of communities in Kansas. Cities long have held the power of annexation to foster their orderly development. Gardner supports the currently established State statutes and opposes any changes that limit the authority of cities to grow in a planned and reasonable fashion which promotes the health, safety and welfare for all parties.
- b. Eminent domain – is a fundamental authority for municipalities. The authority to acquire property through condemnation proceedings is critical for public improvements as well as sound economic development policy. The City believes meaningful protections exist in current statutes safeguarding landowner's rights in such proceedings.
- c. Governmental Immunity –Gardner supports continued immunity protections from tort liability.
- d. Management of Public Right-of-Way — The management of public rights-of-way is a fiduciary responsibility of local government. Gardner vigorously opposes restrictions which may be placed on local governments restricting the management of public rights-of-way or limiting our ability to recover public costs incurred when such property is necessarily used by regulated and non-regulated utilities or service providers. The City of Gardner recognizes that the last decade has brought major changes to telecommunications services. As these changes are made the essential role, responsibilities, and the rights of local governments must be maintained. Changes to state and federal telecommunications laws should reaffirm local jurisdictions' authority to manage their public rights-of-way, allow local jurisdictions to set fair compensation for use of the rights-of-way, and allow local governments to provide to its citizens essential services at fair and competitive costs. Additionally, similar types of services that are provided via cable lines or phone lines should be treated in the same way with respect to the public rights-of-way and franchise fees.
- e. Support Home Rule Authority to Impose Development Related Fees --Gardner supports the existing home rule authority for cities to impose development fees to ensure that development pays for itself without having to resort to increased property taxes. The excise tax is one development fee that gives cities the flexibility to fund significant infrastructure improvements associated with growth. Without an excise tax, cities would be forced to raise the property and other taxes to support growth. Currently, monies received from development fees cover only a portion of the cost for which the fees are imposed and do not endeavor to recover 100% of the cost for development.

- f. Transportation Development Districts – The City of Gardner supports the ability of cities to establish transportation development districts in order to provide for the transportation infrastructure needs in the community.
 - g. Revitalization Tools –Gardner continues its support of tools designed to assist communities maintain their beauty and vitality, such as the Neighborhood Revitalization Act, the Downtown Redevelopment Act, and the Community Improvement Act.
 1. Gardner also supports amendments to the new Community Improvement District Act to correct inconsistencies and clarify procedural requirements. The Legislature created a new financing mechanism in 2009, allowing cities and counties to create Community Improvement Districts (CIDs) to more easily work with developers to encourage development and redevelopment. Communities having tried to implement this new tool noted certain procedural requirements and that some inconsistencies in the law need to be corrected. These amendments will enable cities and counties to use CIDs to benefit their communities.
 - h. Spending and Tax Lids -- The City opposes any state-imposed taxing and spending lids. Local taxing and spending decisions are best left to local officials and the citizens they serve. *(Joint with Johnson County)*
 - i. Unfunded Mandates --The imposition of State mandates and programs on local governments without accompanying State funding is contrary to the spirit of constitutional home rule. Any function or activity mandated by the State upon local governments should be fully and continuously funded by the State.
 - j. State Revenue Sharing- Supports continuing statutorily set state-local revenue pass through programs, and oppose further reduction in revenues to local governments. These should be fully remitted to local units of government, including Special City/County Highway Funds and Special Drug and Alcohol. These funds are partnerships between local governments and the State, and are generated via economic activity at the local level and should not be withheld from local governments and placed solely into the State General Fund. Local governments should not be asked to further aid in balancing the State's budget. *(Joint with Johnson County)*
 - k. Property Tax- The City of Gardner believes any impacts of state legislative property tax relief should be incurred entirely by the State and that locally elected leaders should retain the ability to raise or lower local taxes.
 - l. Franchise Authority - Gardner opposes any legislation that restricts the current franchise authority for cities.
 - m. Employer-Employee Relations – Gardner opposes legislation that would eliminate the local option provision in the Kansas Public Employer-Employee Relations Act (PEER), K.S.A. 75-4321 and views this as an erosion of home rule authority. This act allows local units of government to determine whether or not unions can form in their organization.
2. **Transportation Funding** -- Recognizing that transportation infrastructure is critical to public safety and quality of life, Gardner supports funding for the new T-WORKS, comprehensive transportation plan. Further, the City of Gardner opposes any action of the State to reallocate federal transportation monies earmarked for and shared with counties and cities to finance any State revenue shortfalls in T-WORKS. By maintaining the transportation infrastructure,

the State of Kansas and its local governments will benefit from the economic development opportunities that come with a well-maintained transportation system. (*Joint with Johnson County*)

- Additionally, the Legislature should see that Special Highway revenues continue to be handed down to municipalities to ensure that local roadways as well as state roadways are receiving adequate dollars for ongoing maintenance and repair. The City of Gardner opposes legislation that would reduce the sharing of motor fuel tax revenue with local units of government.
- Finally, the City of Gardner supports implementation of T-WORKS as soon as fiscally possible.

3. Sales Tax-- is one of the State's and local governments' most significant form of revenue and it needs to be protected.

- a. Local Option Sales Taxes— The City of Gardner maintains that local officials and their residents should determine local sales tax and use rates and opposes any legislation that would preempt local authority to set these rates. Gardner supports existing authority of local governments to impose local sales taxes for special uses.
- b. Sales Tax Exemptions –Gardner encourages the Legislature to protect the sales tax base by not further eliminating taxable items, especially in these challenging economic times. (*Joint with Johnson County*)
- c. Destination Based Sales Tax --Gardner and many other communities have benefited from the change to destination based taxation. It is a proper distribution of the money and creates a way to tax Internet sales.

State and municipal governments rely heavily on sales tax revenue to provide public services. Although residents making on-line purchases receive these services, they do not share equally in the cost. Unequal taxing of remote sales creates an unfair pricing advantage for on-line retailers. Nationwide implementation of the destination based sales tax will level the playing field between on-line and "main street" businesses. We believe the State should continue efforts promoting the collection of sales taxes while minimizing the burden on companies.

The Compensating Use Tax expanded by the Streamlined Sales Tax Act has also become an important revenue source for local governments. The Compensating Use Tax helps offset the loss in City income created when sales tax proceeds were shifted from point of sale to point of delivery. This essential revenue source should be maintained as a part of destination based sales.

4. Open Meetings and Open Records— All levels of government should be subject to the same open meetings and open records requirements. These laws should not be unduly burdensome. State open records laws should balance the public's right of access with the necessity of protecting the privacy of individual citizens and the ability of public agencies to conduct their essential business functions. Additionally, the City wants to reiterate that there are circumstances the public is better served by preventing the disclosure of sensitive information. That includes instances where cities could be placed in a disadvantage in negotiations, legal processes, or open it to liability that a private company would not be subject to in the course of business. (*Joint with Johnson County*)

5. Address Adequate Funding and Reforms to State Mandated Local Pension Plans—The local KPERS system should remain separate from state and school retirement systems. The system should accumulate sufficient assets during members' working lifetimes to pay all promised benefits when members retire. The City of Gardner supports achieving a fully funded public employees retirement system within a reasonable period of time and while remaining separate from state and school retirement systems. (*Joint with Johnson County*)

6. **International Codes for Government, Public, Residential and Commercial Buildings --**
The City of Gardner supports the Kansas Heart of America Chapter, ICC efforts in recommending the adoption of the International Codes for all government and public buildings, residential and commercial.
7. **Municipal Budget Calendar** – Gardner supports legislation that would extend the statutory timetable for municipal budget preparation, publication, hearing, adoption, and certification between 30 and 90 days, which is similar to most other states.
8. **Property Tax on Aircraft Nexus** – The City of Gardner supports any change in state statutes that will allow aircraft personal property tax to be given to the community where the aircraft is housed a majority of the year.
9. **Water and Wastewater Infrastructure Funding** – The City of Gardner supports increased state funding to assist local communities with their water and wastewater infrastructure and associated security needs.
10. **Transportation Issues --**
 - Capacity improvements are needed at I-35 and 175th Street (Exit 210) to service expanding business at New Century Air Center. The City just recently approved 2 million square feet of warehousing just west of the interchange for the Midwest Commerce distribution facility. The developer has completed the 1.1 million square feet Coleman building. Additionally, the City has approved retail development on the east side of the interchange that will further accelerate the need for capacity at this interchange.
 - Additionally, capacity improvements are needed on I-35 south of the new Lone Elm interchange to at least the Johnson County line. This includes adding a third lane.
 - City is seeking assistance with the relocation of the weigh station located from just south of the new Lone Elm interchange to south of Gardner. The station does not have the necessary stacking capacity for the traffic today. Once the intermodal facility opens this will further increase demand and possibly divert truck traffic onto local roadways to avoid the weigh station.
11. **Clean Air and Diesel Emission Reduction** – Gardner supports air quality controls which protect the health and safety of the community while allowing for orderly economic development. The City of Gardner encourages the State to look at banning idling of vehicles to help reduce harmful emissions, including enforcement of environmental controls on heavy duty trucks and commercial warehousing operations, especially those that generate diesel emissions as long as these controls are at least as stringent as required under state and federal law.
12. **Solid Waste and Recycling** –Gardner supports State legislation to provide grant programs to encourage haulers to provide recycling opportunities and expanded services to the citizens of Kansas. Currently, Kansas provides far fewer dollars in support of recycling, composting and waste reduction than our neighboring state to the east.
13. **E-Government Initiatives** -- Gardner continues to look for ways to expand 24 hour a day access to its local government through a variety of digital initiatives, including online payments of bills and purchase of services. Gardner encourages efforts to remove roadblocks that deter the expanded use of technology that provides residents more efficient and effective delivery of services. *(Joint with Johnson County)*

14. Support for Public Power – As with all public providers, Gardner strives to provide excellent service to its ratepayers while maintaining rates comparable to those of the larger electric utilities around it. As such, Gardner encourages the State to provide support as it can to the public power providers of the State in the following ways:

- a. Work to facilitate, through the KCC and applying utilities, improved efficiency in planning, permitting and construction of new transmission facilities, as well as identification of transmission paths through the Southwest Power Pool (SPP). Adequate transmission facilities and path availability are critical to public power's access to affordable, reliable sources of power to maintain high levels of service and competitive rates to the ratepayers.
- b. Provide any available incentives to power providers to implement programs and initiative for energy efficiency, conservation, and Smart Grid technologies.
- c. Facilitate development of necessary and prudent generation facilities utilizing all solar, geothermal, etc – to ensure available and reliable power sources and choices for public power providers and customers.

15. Commercial Property Evaluations -Shifting Burden of Proof in Appraisal Hearings: The current statute, K.S.A. 79-1609, shifts the burden of proof for leased commercial property owners when they present three years income and expense information to the county appraiser at the various stages in the hearing process. Gardner supports Johnson County's request to change the law that would require that they present the information at the informal level. This should resolve valuation cases earlier in the hearing process.

COUNCIL REPORT

MEETING DATE: DECEMBER 5, 2011

STAFF CONTACT: LAURA GOURLEY, FINANCE DIRECTOR

Agenda Item: Legislative Agenda – Expanded Investment Powers and removal of “local banks” requirement for investments under K.S.A. 12-1675 and K.S.A. 12-1677b.

Department: Finance

Background/Description of Item:

At the November 21, 2011 council meeting, during “round robin” discussion, Councilman Fotovich expressed interest in adding language to the City’s legislative agenda requesting removal of the “local bank” requirements in Kansas statutes relating to investments.

Following is a brief explanation of the attached statutes to facilitate Council’s understanding of this topic:

K.S.A. 12-1675

This statute details allowable investments for government entities. Council will note that investments under this statute are largely limited to CD’s and other deposit instruments with maturities that may not exceed two years; further requirements include that investments procured from financial institutions be in local banks or savings and loan associations “which have main or branch offices located in such investing governmental unit [...]” (See 12-1675 (b)(2)(A) and (b)(3)(A))

Government entities may only invest in instruments other than CD’s and like arrangements “[...] only if the banks, savings and loan associations and savings banks eligible for investments authorized in paragraph (2) of subsection (b), cannot or will not make the investments authorized in paragraph (2) of subsection (b) available to the investing governmental unit at interest rates equal to or greater than the investment rate, as defined in subsection (g) of K.S.A. 12-1675a, and amendments thereto.” (See 12-1675(c))

The interest rate as defined in K.S.A. 12-1675a(g) is “a rate which is the equivalent yield for United States government securities having a maturity date as published in the Wall Street Journal, nearest the maturity date for equivalent maturities. The 0-90 day rate shall be computed on the average effective federal funds rate as published by the federal reserve system for the previous week.” These rates are also published each Monday on the Kansas Pooled Money Investment Board website. (example: see the attachment “Investment Rates for Public Funds.)

K.S.A. 12-1677b

This statute details what is commonly referred to as “expanded investment authority” and how an entity obtains that authority. If an entity is granted expanded investment authority by the pooled money investment board based on the criteria detailed in the statute, then the entity may invest in a broader range of instruments for a maximum maturity of 4 years.

However, the statute only allows entities to use their expanded investment authority and invest in other instruments with longer maturities if the entity also complies with the aforementioned K.S.A. 12-1675(c) which states that as long as local banks offer rates as defined by K.S.A. 12-1675a(g), then the entity must invest with the local bank. (See 12-1677b (3)(b))

Discussion:

Both of the investment statutes clearly state that as long as a local bank bids the required investment rate which is published on the pooled money investment board website, as shown in the aforementioned example "Investment Rates for Public Funds," then the entity may not use expanded investment authority even if the entity had been granted such authority; the entity must invest in the local bank.

It is important for Council to know that there is a bank in Gardner that is aware of this requirement and always bids on the City's investments above what is required to retain the investment locally.

In May, staff had a discussion with Scott Miller, Director of Investments & Chief Investment Officer of the Kansas Pooled Money Investment Board (PMIB), regarding the aforementioned statutes. Following are key points of that discussion:

- The expanded investment authority statute allows any city, county, or school district with a written investment policy to seek expanded investment authority. Director Miller advised there are only 9 entities in the state of Kansas that have been granted expanded investment authority.
- Director Miller advised expanded investment authority requires the approval of PMIB. Their approval is based on the City's investment policy containing a range of safeguards and details on how expanded authority would help the City. The PMIB will also interview Gardner staff to determine if staff has the sophistication to invest in financial instruments allowed under expanded powers and guard against "unscrupulous brokers." He also stated that it takes a significant number of staff with investment sophistication to administer the requirements under expanded authority.
- Director Miller stated that if the City does not have a lot of money to invest, which he defined as "\$100 million," then he discouraged the City to pursue expanded authority due to both lack of money to invest and lack of staff dedicated to investment administration and the corresponding additional requirements of expanded authority. In summary, Director Miller stated it was extremely unlikely that the City would be granted expanded investment authority, and he didn't believe it was in the City's interest to pursue it.

Finally, for Council's review and to facilitate understanding, staff included an attachment titled "Term Investment Rates" which is from a presentation "Investing in an Ultra-Low Rate Environment" by Commerce Bank that staff attended at an Eastern Kansas Government Finance Officers meeting on November 15. For comparison purposes, the City's banking services contract includes a "floor" of 35 basis points for funds in the City's interest-bearing checking account. Per the attachment, in order to invest at a similar rate, the City would have to tie up idle funds for at least 1 year vs. keeping the funds completely liquid in the City's checking account and wait for a better rate.

12-1675. Investment of public moneys by governmental subdivisions, units and entities; conditions and limitations; reciprocal deposit programs. (a) The governing body of any county, city, township, school district, area vocational-technical school, community college, firemen's relief association, community mental health center, community facility for the mentally retarded or any other governmental entity, unit or subdivision in the state of Kansas having authority to receive, hold and expend public moneys or funds may invest any moneys which are not immediately required for the purposes for which the moneys were collected or received, and the investment of which is not subject to or regulated by any other statute.

(b) Such moneys shall be invested only:

(1) In temporary notes or no-fund warrants issued by such investing governmental unit;

(2) in savings deposits, time deposit, open accounts, certificates of deposit or time certificates of deposit with maturities of not more than two years: (A) In banks, savings and loan associations and savings banks, which have main or branch offices located in such investing governmental unit; or (B) if no main or branch office of a bank, savings and loan association or savings bank is located in such investing governmental unit, then in banks, savings and loan associations and savings banks, which have main or branch offices in the county or counties in which all or part of such investing governmental unit is located;

(3) in repurchase agreements with: (A) Banks, savings and loan associations and savings banks, which have main or branch offices located in such investing governmental unit, for direct obligations of, or obligations that are insured as to principal and interest by, the United States government or any agency thereof; or (B)(i) if no main or branch office of a bank, savings and loan association or savings bank, is located in such investing governmental unit; or (ii) if no such bank, savings and loan association or savings bank having a main or branch office located in such investing governmental unit is willing to enter into such an agreement with the investing governmental unit at an interest rate equal to or greater than the investment rate, as defined in subsection (g) of K.S.A. 12-1675a, and amendments thereto, then such repurchase agreements may be entered into with banks, savings and loan associations or savings banks which have main or branch offices in the county or counties in which all or part of such investing governmental unit is located; or (C) if no bank, savings and loan association or savings bank, having a main or branch office in such county or counties is willing to enter into such an agreement with the investing governmental unit at an interest rate equal to or greater than the investment rate, as defined in subsection (g) of K.S.A. 12-1675a, and amendments thereto, then such repurchase agreements may be entered into with banks, savings and loan associations or savings banks located within this state;

(4) in United States treasury bills or notes with maturities as the governing body shall determine, but not exceeding two years. Such investment transactions shall only be conducted with banks, savings and loan associations and savings banks; the federal reserve bank of Kansas City, Missouri; or with primary government securities dealers which report to the market report division of the federal reserve bank of New York, or any broker-dealer engaged in the business of selling government securities which is registered in compliance with the requirements of section 15 or 15C of the securities exchange act of 1934 and registered pursuant to K.S.A. 17-12a401, and amendments thereto;

(5) in the municipal investment pool fund established in K.S.A. 12-1677a, and amendments thereto;

(6) in the investments authorized and in accordance with the conditions prescribed in K.S.A. 12-1677b, and amendments thereto;

(7) in multiple municipal client investment pools managed by the trust departments of banks which have main or branch offices located in the county or counties where such investing governmental unit is located or with trust companies incorporated under the laws of this state which have contracted to provide trust services under the provisions of K.S.A. 9-2107, and amendments thereto, with banks which have main or branch offices located in the county or counties in which such investing governmental unit is located. Public moneys invested under this paragraph shall be secured in the same manner as provided for under K.S.A. 9-1402, and amendments thereto. Pooled investments of public moneys made by trust departments under this paragraph shall be subject to the same terms, conditions and limitations as are applicable to the municipal investment pool established by K.S.A. 12-1677a, and amendments thereto; or

(8) municipal bonds or other obligations issued by any municipality of the state of Kansas as defined in K.S.A. 10-1101, and amendments thereto, which are general obligations of the municipality issuing the same.

(c) The investments authorized in paragraphs (4), (5), (6), (7) or (8) of subsection (b) shall be utilized only if the banks, savings and loan associations and savings banks eligible for investments authorized in paragraph (2) of subsection (b), cannot or will not make the investments authorized in paragraph (2) of subsection (b) available to the investing governmental unit at interest rates equal to or greater than the investment rate, as defined in subsection (g) of K.S.A. 12-1675a, and amendments thereto.

(d) In selecting a depository pursuant to paragraph (2) of subsection (b), if a bank, savings and loan association or savings bank eligible for an investment deposit thereunder has an office located in the investing governmental unit and such financial institution will make such deposits available to the investing governmental unit at interest rates equal to or greater than the investment rate, as defined in subsection (g) of K.S.A. 12-1675a, and amendments thereto, and such financial institution otherwise qualifies for such deposit, the investing governmental unit shall select one or more of such eligible financial institutions for deposit of funds pursuant to this section. If no such financial institution qualifies for such deposits,

the investing governmental unit may select for such deposits one or more eligible banks, savings and loan associations or savings banks which have offices in the county or counties in which all or a part of such investing governmental unit is located which will make such deposits available to the investing governmental unit at interest rates equal to or greater than the investment rate, as defined in subsection (g) of K.S.A. 12-1675a, and amendments thereto, and which otherwise qualify for such deposits.

(e) (1) All security purchases and repurchase agreements shall occur on a delivery versus payment basis.

(2) All securities, including those acquired by repurchase agreements, shall be perfected in the name of the investing governmental unit and shall be delivered to the purchaser or a third-party custodian which may be the state treasurer.

(f) Public moneys deposited pursuant to subsection (b)(2) of K.S.A. 12-1675, and amendments thereto, by the governing body of any governmental unit listed in subsection (a) of K.S.A. 12-1675, and amendments thereto, through a selected bank, savings and loan association or savings bank which is part of a reciprocal deposit program in which the bank, savings and loan association or savings bank:

(1) Receives reciprocal deposits from other participating institutions located in the United States in an amount equal to the amount of funds deposited by the municipal corporation or quasi-municipal corporation; and

(2) for which the total cumulative amount of each deposit does not exceed the maximum deposit insurance amount for one depositor at one financial institution as determined by the federal deposit insurance corporation.

Such deposits shall not be treated as securities and need not be secured as provided in this or any other act.

EXAMPLE

Investment Rates for Public Funds

Minimum Investment Rates Banks
Must Offer to Secure Public Funds

11/28/11 thru 12/04/11

TERM	CURRENT	PREVIOUS
1 to 89 Days	0.08%	0.08%
3 Months	0.01%	0.01%
6 Months	0.07%	0.05%
1 Year	0.10%	0.12%
18 Months	0.20%	0.22%
2 Years	0.27%	0.29%

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These rates are published in the Kansas Register in accordance with K.S.A. 75-4210.

How are these investment rates calculated? [See K.S.A. 12-1675a\(g\)](#)

Historical Rates

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[Funds Available for Kansas Banks](#) | [Linked Deposit Program Rates](#) | [Investment Policy](#) | [Expanded Investment Authority](#) | [Information for State Agencies](#) | [Financial Markets Overview](#) | [Email Us](#)

Pooled Money Investment Board

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12-1677b. Direct investments by cities, counties and school districts, when; requirements; forfeiture of investment rights, when. (a) The governing body of any city, county or school district which has a written investment policy approved by the governing body of such city, county or school district and such written investment policy is approved by the pooled money investment board as provided in subsection (b) may invest and reinvest pursuant to the approved investment policy in the following investments, as authorized under paragraph (6) of subsection (b) of K.S.A. 12-1675, and amendments thereto:

(1) Direct obligations of, or obligations that are insured as to principal and interest by, the United States of America or any agency thereof and obligations and securities of United States sponsored enterprises which under federal law may be accepted as security for public funds, except that such investments shall not be in mortgage-backed securities;

(2) interest-bearing time deposits in any banks, savings and loan associations and savings banks; or

(3) repurchase agreements with banks, savings and loan associations and savings banks, or with a primary government securities dealer which reports to the market reports division of the federal reserve bank of New York for direct obligations of, or obligations that are insured as to principal and interest by, the United States government or any agency thereof and obligations and securities of United States government sponsored enterprises which under federal law may be accepted as security for public funds.

(b) In approving the investment policy of any city, county or school district, the pooled money investment board shall require that such policy addresses liquidity, diversification, safety of principal, yield, maturity and quality and capability of investment management staff. In addition, the policy shall provide procedures for compliance with subsection (c) of K.S.A. 12-1675, and amendments thereto, and a certification from the investment management staff that those procedures have been followed.

(c) The investment policy of any city, county or school district approved by the pooled money investment board under this section shall be reviewed and approved at least annually by such board or when such city, county or school district makes changes in such investment policy. On condition of approving the investment policy, the pooled money investment board shall review the policy to assure that it addresses liquidity, diversification, safety of principal, yield, maturity and quality and capability of investment management staff. In addition, the policy shall provide procedures for compliance with subsection (c) of K.S.A. 12-1675, and amendments thereto, a certification from the investment management staff that those procedures have been followed and a listing of the banks, savings and loan associations and savings banks from which the city, county or school district requested bids in the preceding year.

(d) (1) All security purchases shall occur on a delivery versus payment basis.

(2) All securities shall be perfected in the name of the city, county or school district and shall be delivered to the purchaser or a third party custodian which may be the state treasurer.

(3) Investment transactions shall only be conducted with banks, savings and loan associations and savings banks; or with primary government securities dealers which report to the market report division of the federal reserve bank of New York; or any broker-dealer which is registered in compliance with the requirements of section 15C of the securities exchange act of 1934 and registered pursuant to K.S.A. 17-12a401, and amendments thereto.

(4) The maximum maturity for investments under subsection (a) shall be four years.

(e) Investments in securities under paragraph (1) of subsection (a) shall be limited to securities which do not have any more interest rate risk than do direct United States government obligations of similar maturities. For purposes of this subsection, "interest rate risk" means market value changes due to changes in current interest rates.

(f) A city, county or school district which violates subsection (c) or (d) of K.S.A. 12-1675, and amendments thereto, or the rules and regulations of the pooled money investment board shall forfeit its rights under this section for a two year period and shall be reinstated only after a complete review of its investment policy as provided for in subsection (b). Such forfeiture shall be determined by the pooled money investment board after notice and opportunity to be heard in accordance with the Kansas administrative procedure act.

Term Investment Rates

Term	U.S.		GSE	GSE
	Treasury	CD	(Agency)	Callable
3-month	0.01%	0.15 - 0.30%	0.02%	
6-month	0.04%	0.15 - 0.30%	0.06%	
1-year	0.10%	0.30 - 0.50%	0.15%	0.25%
2-years	0.22%	0.40 - 1.00%	0.31%	0.60%
3-years	0.37%	1.20 - 1.35%	0.50%	0.95%
4-years	0.61%	1.75 - 1.90%	1.08%	1.25%



COUNCIL REPORT

MEETING DATE: DECEMBER 5, 2011

STAFF CONTACT: MICHAEL B. PRESS, INTERIM CITY ADMINISTRATOR

Agenda Item: Legislative Agenda Item - Agricultural Designation of Property

Department: Administration

Background/Description of Item:

Council requested additional information about a potential add-on item to the legislative agenda for the City in 2012. Specifically, staff was directed to research the City's ability to develop legislation that would allow a city to challenge a property's classification, especially if a property is classified as agricultural and it is believed that the property's actual use requires a higher classification designation.

Discussion:

This item was discussed at length with members of the Johnson County Appraiser's staff, including County Appraiser Paul Welcome. It is an issue the County Appraiser dealt with extensively in the 1990's, including numerous lawsuits brought to resolve the issue surrounding properties that appeared to have limited or nearly token agricultural activity, but retained an agricultural designation.

The County did not prevail in those legal efforts. The Court of Tax Appeals (formerly the Board of Tax Appeals, or BOTA) ultimately decides classification and value issues when a dispute exists between the parties and the County Appraiser. In fact, if a lease is created between a property owner and a lessee that *states* that agricultural activity will occur, then the property may receive an agricultural designation in the absence of *any* current agricultural use.

In short, we were advised that any efforts to create legislation to challenge property classification by the City would be futile. It is the County Appraiser's responsibility to establish or challenge a property's classification, and we were assured that the Appraiser and his staff will work diligently to ensure proper classifications exist throughout Johnson County within the boundaries of the law.

Staff does not recommend pursuing this matter any further.